

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
NSC-05 /064 W
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FM USMISSION NATO
TO SECSTATE WASHDC 4000
SECDEF WASHDC
INFO JCS WASHDC
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USNMR SHAPE BE
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 01 OF 02 NATO 04664

E.O. 11652: GDS
TAGS: MARR NATO
SUBJECT: MEETING OF CENTRAL EUROPE PIPELINE POLICY
COMMITTEE (CEPPC) AT DEPUTY PERMANENT REPRESENTATIVE
LEVEL, 2 JUNE 1977

REF: AC/120-D/993(REVISED)W/ADDENDUM
SUMMARY: SECOND MEETING OF CEPPC AT DEPUTY PERMANENT
REPRESENTATIVE LEVEL ON FINANCIAL PROBLEMS WAS ALMOST
COMPLETELY DEVOTED TO RESOLUTION OF PERSONNEL PROBLEM
CONCERNING MR. BAYLAC, A FRENCH PREREQUISITE TO CONSIDERA-
TION OF THE FINANCIAL MATTERS. COMMITTEE AGREED, AD
REFERENDUM, TO MAINTAIN THE OFFER OF A ONE-YEAR CONTRACT
TO BAYLAC AND TO HIS REPLACEMENT AFTER 1 YEAR BY A QUALI-
FIED FRENCH CANDIDATE. COMPLETION OF THIS AGREEMENT WOULD
RESULT IN THE LIFTING OF THE RESERVATION ON THE APPOINT-
MENT OF THE DIRECTOR OF FINANCE, CENTRAL EUROPE OPERATING
AGENCY (CEOA), MR. FEINBERG. COMMITTEE ALSO AGREED ON THE
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PROPOSED RULES FOR NATO AUDIT (PARA 12, ANNEX II, REF
DOCUMENT). ACTION REQUESTED: WASHINGTON CONCURRENCE IN
PROPOSED SOLUTION TO THE BAYLAC/FEINBERG PERSONNEL
PROBLEM. END SUMMARY.

1. THE CHAIRMAN (BUWALDA) OF THE CEPPC AT DEPUTY PERM REP
LEVEL HELD SECOND MEETING ON FINANCIAL MATTERS 2 JUNE

(POSTPONED FROM 23 MAY). SINCE FRENCH POSITION WAS CLEAR ON REQUIRING RESOLUTION OF THE PRINCIPAL FRENCH POSITION IN THE CENTRAL EUROPE OPERATING AGENCY (CEOA) NOW HELD BY BAYLAC, BUWALDA ASKED THE FRENCH REP (DE LA FERRIERE) IF FRANCE COULD ACCEPT THE OFFER TO BAYLAC OF A ONE YEAR TERMINATION CONTRACT. THE FRENCH REP STATED THAT, WHILE FRANCE WAS CONCERNED WITH THE CASE OF BAYLAC, HIS AUTHORITIES HAD AGREED TO ACCEDE TO THE DESIRE OF THE COMMITTEE TO HAVE HIM REPLACED IN THE NEAR FUTURE. FRANCE WAS MORE INTERESTED IN PROTECTING THE RIGHT TO FILL "THE SECOND POST OF AUTHORITY IN THE CEOA". HE SOUGHT A SPECIFIC GUARANTEE THAT THE DEPUTY GENERAL MANAGER'S POST WOULD "CONTINUE TO BE RESERVED FOR A FRENCH CANDIDATE".

2. THE US REP (STREATOR) NOTED THAT THE GENERAL AGREEMENT IN NATO ON GEOGRAPHIC DISTRIBUTION OF SUBSTANTIVE POSTS WOULD, IN THE PRESENT CASE, GIVE PREFERENCE TO A QUALIFIED FRENCH CANDIDATE. COMMENT: THIS HAS BEEN THE CASE, INTER ALIA, IN FAVOR OF US REPLACEMENTS FOR CEOA DIRECTORS OF FINANCE. END COMMENT. HE DID NOT BELIEVE, HOWEVER, THAT SUCH AGREEMENTS SHOULD BE MADE SO SPECIFIC AS TO LOCK THE CEOA INTO AN INFLEXIBLE ORGANIZATION SITUATION WHICH MIGHT NOT SERVE THE ORGANIZATION WELL IN THE FUTURE.

3. THE FRG REP (BOSS) AGREED THAT FRANCE SHOULD BE GIVEN THE FIRST CHANCE TO NOMINATE AN ACCEPTABLE REPLACEMENT FOR BAYLAC. HE SUPPORTED, HOWEVER, THE US SUGGESTION THAT THERE SHOULD BE NO LONG-TERM AGREEMENT WHICH WOULD PREVENT EFFECTIVE MANAGEMENT OF CEOA. UK (DRAPER) AND CANADIAN
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(ALARIE) REPS AGREED WITH THIS POSITION. THE BELGIAN REP (BOUCKAERT) SUGGESTED THAT FRANCE SHOULD BE SATISFIED WITH A REITERATION OF THE AGREEMENT ON GEOGRAPHICAL DISTRIBUTION OF POSTS.

4. THE FRENCH REP INSISTED THAT HIS AUTHORITIES REQUIRED A SPECIFIC GUARANTEE THAT "THE FRENCH RIGHT TO THE SECOND HIGHEST POST WOULD BE MAINTAINED". THE US REP NOTED THAT WHILE THERE WAS A SECOND LEVEL OF POSTS IN CEOA, THERE WAS NO "SECOND HIGHEST POST". THE CEOA GENERAL MANAGER (VERBOIS) CONFIRMED THAT FACT AND STATED HIS INTENTION TO CONVERT THE BAYLAC POST TO ONE OF "CHIEF OF STAFF", TO EXECUTE THE GENERAL MANAGER'S POLICIES AND TO ACT UNDER HIS AUTHORITY IN HIS ABSENCE. IN NO CASE COULD THE DEPUTY BE CONSIDERED AS THE SUPERIOR TO THE 3 SERVICE DIRECTORS. THE FRENCH REP CONFIRMED THAT HE COULD AGREE TO THAT DESCRIPTION OF THE POST AND THAT, AFTER BAYLAC'S TERMINATION, FRANCE SHOULD BE GIVEN THE OPPORTUNITY TO FILL THE POST. HE BELIEVED THAT HE COULD CONVINCE HIS

AUTHORITIES TO SETTLE FOR SUCH AN ASSURANCE LIMITED TO THE OCCASION OF BAYLAC'S REPLACEMENT, WITHOUT ANY FUTURE APPLICATION.

5. THE FOLLOWING TEXT WAS DEVELOPED TO SATISFY THE FRENCH POSITION WITHOUT COMPROMISING THE POSITIONS OF OTHERS:
BEGIN TEXT: THE CHAIRMAN NOTED THAT THERE WAS A CONSENSUS THAT THE ATTRIBUTION TO FRANCE OF THE FIRST MANAGEMENT POST IN THE CEOA AFTER THAT OF GENERAL MANAGER SHOULD BE MAINTAINED WHEN THE PRESENT OCCUPANT OF THE POST WAS

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REPLACED. THIS OFFICER, WHO SHOULD HAVE THE NECESSARY QUALIFICATIONS, WOULD HAVE THE TITLE OF DEPUTY GENERAL MANAGER. END TEXT. WE BELIEVE THAT THE PROPOSED AGREEMENT OFFERS A GRACEFUL WAY OUT OF THE PRESENT IMPASSE.

6. THE FRENCH REP OFFERED TO TRY TO GAIN ACCEPTANCE OF THE COMPROMISE LANGUAGE AND NOTIFY HIS COLLEAGUES BEFORE THE NEXT MEETING ON 7 JUNE. OTHER REPS ALSO AGREED TO SEEK APPROVAL ALTHOUGH THE US REP TO CEPPC (LOVELAND) NOTED THAT US APPROVAL OF THE TEXT AND THE OFFER OF A 1-YEAR CONTRACT TO BAYLAC WOULD BE CONDITIONED ON THE LIFTING OF THE FRENCH RESERVATION ON THE APPOINTMENT OF MR. FEINBERG AS CEOA'S DIRECTOR OF FINANCE.

7. REQUEST WASHINGTON AGREEMENT TO THE ABOVE SOLUTION OF
CEO'S PERSONNEL PROBLEMS AND THE BAYLAC/FEINBERG
LINKAGE.

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8. ON THE ASSUMPTION THAT THE PERSONNEL PROBLEMS WOULD
BE RESOLVED ALONG THE ABOVE LINES, THE FRENCH REP
INDICATED THAT HE COULD ACCEPT PROPOSAL NUMBER 12 (ANNEX
II, REFERENCE DOCUMENT) CONCERNING AUDIT PROBLEMS IN
FRANCE. THE REPRESENTATIVE OF THE INTERNATIONAL BOARD OF
AUDITORS FOR NATO (BELANGER) NOTED THAT THE AGREEMENT
WOULD LEAD TO SATISFACTORY AUDITS EXCEPT FOR CONFIRMATION
OF A PROPER SHARING OF TRAPIL'S ADMINISTRATIVE EXPENSES,
WHICH COULD NOT BE MADE BECAUSE OF FRENCH DENIAL OF ACCESS
TO TRAPIL'S RECORDS. THE COMMITTEE AGREED THAT, IN THE
ABSENCE OF SUCH ACCESS, NATO WOULD HAVE TO BE SATISFIED
WITH AN AUDIT BY FRENCH GOVERNMENTAL SERVICES.

9. COMMITTEE AGREED TO MEET NEXT ON 7 JUNE IN AN ATTEMPT
TO RESOLVE THE REMAINING 11 PROBLEMS IN ORDER TO PERMIT
LIFTING OF FRG RESERVATION ON THE 1977 BUDGET (LINKED
TO EXEMPTION OF TVA IN FRANCE) BEFORE 30 JUNE, WHEN
CURRENT FUNDING WILL OTHERWISE EXPIRE.BENNETT

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